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FM AMEMBASSY BAGHDAD
TO RUEHC/SECSTATE WASHDC PRIORITY 1124
INFO RUCNRAQ/IRAQ COLLECTIVE
RHMFISS/HQ USCENTCOM MACDILL AFB FL

C O N F I D E N T I A L SECTION 01 OF 04 BAGHDAD 000031

SIPDIS

E.O. 12958: DECL: 01/06/2018

TAGS: PREL PGOV ECON I2

SUBJECT: GEN PETRAEUS' MEETING WITH PM MALIKI

Classified By: Classified by Amb. Ryan Crocker for reasons 1.4 (b) and (d).

Summary

¶1. (C) During a December 26 meeting, CENTCOM Commander Gen. David Petraeus and Iraqi Prime Minister Maliki discussed the security situation in different regions of Iraq, the implementation of the Security Agreement, and the drawdown of coalition forces. General Petraeus congratulated the Prime Minister on the growing capacity of Iraqi Security Forces to protect the country. PM Maliki complained about Syria's unhelpful role, particularly in harboring former regime elements. General Petraeus agreed that Syria was a problem, especially in turning a blind eye to AQI activity on its soil, but pointed to Iran as the more lethal player. General Petraeus encouraged PM Maliki not to be adverse to deficit spending in the short term as a means to shore up security and stimulate economic growth. General Petraeus also expressed concern about the situation in Diyala province, where violence, and mass arrests continue. End summary.

¶2. (U) CENTCOM Commander Gen. David Petraeus, accompanied by Amb. Crocker and staff, called on Prime Minister Maliki at his Baghdad office on the morning of December 26. PM Maliki was joined by Chief of Staff Tariq Najm Abdullah and advisor Sadiq Rikabi.

The British and Southern Iraq

¶3. (C) General Petraeus congratulated Prime Minister Maliki on the passage of the U.S. Security and Strategic Framework Agreements and most recently the resolution on the status of six coalition partners. These agreements were not easy to get through parliament, Maliki replied, recalling how nervous the British had been about the coalition resolution. &I told them we would find a way to make it work and we did,8 he stated. Gen. Petraeus also congratulated Maliki on his recent meeting with UK PM Brown. The Iraqi-British relationship is an important and sensitive one, he continued, recalling that the Prime Minister's grandfather had fought against the British during the 1920 Insurrection. You do not have to go back to the 1920s to find reasons to be unhappy with the British, Maliki replied. Just look at how they mishandled Maysan and Basra in the past three years, he opined. Gen. Petraeus responded that he had just been in Dhi Qar province and was encouraged by the steadily improving security situation across the south. Maliki acknowledged that there had indeed been significant progress in the south.

SOFA Implementation

¶4. (C) General Petraeus underscored U.S. determination to implement, in full partnership and increased transparency, the terms of the Security Agreement ratified in November. Maliki expressed confidence in U.S. intentions) recent efforts in New York to safeguard Iraqi assets from tort claims were only the latest example of the U.S. following through on its commitments. Eventually, the U.S. military will get out of the security business in Iraq and focus

exclusively on supporting the Iraqi Security Forces, Gen. Petraeus observed. U.S. forces in Iraq have already been reduced from 20 Brigade Combat Teams (BCTs) to 14. The coalition is currently in the process of considering withdrawing another Army BCT and 2/3 of a USMC Regimental Combat Team, and Generals Odierno and Petraeus may recommend that in the next few weeks. Maliki indicated satisfaction with the U.S. withdrawal schedule, but urged that the U.S. prioritize to ensure that sensitive regions be the last to experience withdrawals. The Prime Minister did not at this time support, for example, a "PIC" transfer of security responsibility in Baghdad province, given the density and political/strategic value of the city, he underlined. Eventually, a special command should be assembled to oversee Baghdad security, the Prime Minister added.

The Growing Capacities of the ISF and the GOI

¶15. (C) General Petraeus congratulated Maliki on the growing capacity of Iraqi security forces. The GOI's successful management of the recent Hajj season was impressive and an indicator of how far Iraq's capabilities have developed, he opined. Petraeus asked about reports that Karbala-based Iraqi Army Major Gen. Othman would be promoted to Lieutenant General. Maliki replied that the General had proved a capable officer and certainly deserved promotion) but that they would have to find a way to promote him in accordance with MOD procedures. Also, once, promoted Othman would have to be moved to a new job. One possibility would be to create a new Operations Command for him in the Karbala area.

¶16. (C) General Petraeus also congratulated the Prime Minister on the GOI's handling of the transition of Sons of Iraq

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local security elements from CF to Iraqi control. Maliki replied that many had been skeptical of the SOI being reconciled, and he worried about the process of them transitioning to Iraqi control, but he had proven the critics wrong. Maliki continued that while most SOI were loyal and trustworthy, some were not. In any vocation, you will find some bad apples, he suggested. This is true for SOI as with any other group of people.

¶17. (C) Some of my best officers are former Ba'thists, but they have now reformed and I trust them, Maliki continued. This dissatisfies some, including among the Kurds, he noted, regretting that it was impossible to please everyone. The key is genuine reconciliation, Gen. Petraeus observed. There has to be a role for forgiveness, the General underlined, also welcoming the Prime Minister's decision to release a number of Ministry of Interior officials arrested the previous week on suspicion of membership in a subversive organization.

Dealing with Syria

¶18. (C) Prime Minister Maliki asked General Petraeus for advice on dealing with security problems originating in Syria. The General responded with the opinion that the Syrians are playing a dangerous double game. While professing commitment to security cooperation, they turn a blind eye to AQI terrorist facilitation activity and they aid and abet Iran's interference in Lebanon, Gaza, the West Bank, and elsewhere. Bashar al-Assad was well aware that his brother-in-law 'Asif Shawqat, Director of Syrian Military Intelligence, had detailed knowledge of the activities of AQI facilitator Abu Ghadiya, who was using Syrian territory to bring foreign fighters and suicide bombers into Iraq. Both Lebanese President Michel Sulayman and Jordan's Director of General Intelligence had warned Al-Assad and his GID Director, respectively, that the U.S. knew about these activities and urged him to take action, but their warnings were unheeded, Gen. Petraeus noted. Furthermore, former regime elements (FRE) Izzat Ibrahim al-Duri and Mohammed Yunus al-Ahmed continue to reside unmolested in Syria and openly talk about overthrowing the GOI and committing acts of terror in Iraq.

¶9. (C) Maliki said that he had a report that former regime intelligence officers based in Syria were planning his assassination, to trigger the fall of the GOI, and that Russia was encouraging this effort. General Petraeus said that the U.S. was looking for information about plots such as this and had not found it. In the U.S. view, Izzat al-Duri and Mohammed Yunus al-Ahmed were growing increasingly irrelevant. Arguably more dangerous were FREs Fawzi al-Rawi and Hikmat al-Adthim, and various others in Syria, Jordan, the UAE, and elsewhere. Overall, these FREs specialized in loitering and complaining in hotel lobbies but posed no threat comparable to that posed by AQI. "You have many more important enemies" than these FREs, Gen. Petraeus told the Prime Minister.

¶10. (C) Maliki thanked Gen. Petraeus but asked that the U.S. look again into the plausibility of his report of plotting. The more immediate problem posed by FREs inside Iraq was their maintenance of criminal networks that run extortion and protection rackets, Maliki observed. Gen. Petraeus agreed, and noted that some of the money raised by these gangs does end up in the hands of AQI. There has been progress in clamping down on AQI fundraising near the Beyji refinery in Salah Ad Dinn province, but there and elsewhere AQI's money network has yet to be completely extinguished. Qnetwork has yet to be completely extinguished.

¶11. (C) Prime Minister Maliki added that he understood the Syrians were working to reunite the Syrian and Iraqi wings of the Ba'th party, again with Russian encouragement. Gen. Petraeus believed that the ultimate solution to all the problems extending from Syria was to convince the Syrians that the advantages of economic cooperation and engagement outweigh whatever political advantage it can get from allying with Iran and causing problems. Maliki said he was not overly worried about the threat emanating from Syria but observed that Ba'thists specialize in making trouble, whether it be inside their own countries or in Lebanon, Jordan, and even Yemen and elsewhere in the past.

Iran - a More Lethal Adversary

¶12. (C) Agreeing with Maliki that Syria was a problematic neighbor, Gen. Petraeus said he had even greater concerns about Iran, which is intervening across the region with much more lethality. The U.S. is deeply concerned by Iranian activities in Iraq, Afghanistan, Lebanon, the West Bank, Gaza, parts of Africa and even in South America, the General underlined. Maliki responded by noting the prospect for change inside Iran itself. Ahmmedinejad will face elections in June 2009 and former Presidents Khatami and Rafsanjani appear to have formed an alliance to unseat him. Gen. Petraeus agreed that this could be significant but cautioned that Iran's dangerous security and intelligence apparatus

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answers not to the President of Iran but to the hard line clerical leadership.

¶13. (C) It will be important to move the region away from a confrontational atmosphere and rather toward dialogue, Maliki commented. Gen. Petraeus agreed, observing that Iran had a common interest in preventing the Taliban from recovering power in Kabul and in preventing Ba'thists from climbing back to power in Baghdad. No states' interests coincide perfectly, Maliki replied. Even different states of the U.S. sometimes have strong disputes, Maliki continued. The difference is that U.S. states don't resort to IEDs and EFPs to settle their disputes, Gen. Petraeus responded.

Diyala a Point of Special Concern

¶14. (C) Gen. Petraeus expressed particular concern about the state of the reconciliation process in Diyala province, where violence and mass arrests have persisted. The GOI must take care to ensure that security operations do not come at the expense of reconciliation, which is needed to anchor long term stability. Prime Minister Maliki implicitly acknowledged that there had been cases of the ISF

overstepping its boundaries in Diyala, allowing that some arrest warrants and incidents in the province were based on spite and score settling among local elites. Maliki nonetheless denied that the GOI was following sectarian policies in Diyala. I am ready to work with Sunnis and ex-Ba'thists when they are good, he said. But not all of them are good. He specifically denied that GOI actions against the mayors of Khalis and Muqdadiya had been taken because they were Sunnis. Gen. Petraeus reemphasized that national reconciliation was key to long term stability.

Budget Deficits

¶15. (C) Recalling his background as an economics professor, Gen. Petraeus advised Maliki, as his government plans its next budget cycle, not to be afraid of running a deficit. Iraq's economy is gaining momentum, Gen. Petraeus asserted, and should have no problem paying down the deficit from future revenues. The GOI has a responsibility to invest in its security forces and robust spending will also stimulate economic growth. Also, in the current economic climate, Gen. Petraeus noted, the GOI needn't worry about inflation. Amb. Crocker underlined that deficit spending should be undertaken in consultation with the IMF, an idea Gen. Petraeus echoed. The General cautioned that Iraq should be conservative in projecting oil revenues, as he did not expect any substantial increase in the price of oil in the near term. Maliki indicated that he was inclined to spend USD 10 billion of Iraq's current reserves of USD 48 billion in the coming year.

The Energy Sector

¶16. (C) Gen. Petraeus congratulated Maliki on recent deals with foreign companies to develop Iraq's electrical sector. The General also noted that Iraq recently attained its highest ever level of electricity production. Maliki thanked Petraeus for his help in getting General Electric engaged in Iraq, noted that he'd recognized Petraeus' contribution during the signing ceremony, and said he was particularly focused on the need for progress in the oil sector. He specifically requested U.S. assistance in getting the U.S. firm contracted by the oil ministry to clear mines to work faster so that pipeline construction can stay on schedule.

External Relations

¶17. (C) Noting significant progress in Iraq's relations with Q17. (C) Noting significant progress in Iraq's relations with other states in the region, Gen. Petraeus urged Maliki to move forward with the dispatch of ambassadors to regional capitals such as Amman, Cairo, and Kuwait. Maliki said Iraqi envoys had been named some time ago, and their names sent to the Council of Representatives (CoR) for confirmation, but unfortunately the process had stalled there, as the CoR was too preoccupied with internal political struggles to approve the nominations. Currently, he stated, the Council of Ministers is preparing a memorandum to the CoR urging action in approving the nominations.

Arab Outreach

¶18. (C) Maliki also welcomed the coming opening of a CENTCOM media outreach office in Dubai, hoping that this office could play a role in advancing Iraq's reintegration in the region. Gen. Petraeus said that this would be one of the goals of the media office and noted that he had himself been engaging audiences during his visits across the region and also in key western capitals. He also reported that, following his recent visit to Lebanon, that Prime Minister Siniora wants to make a return visit to Baghdad. This pleased Maliki, who

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joked that Gen. Petraeus was his "roving ambassador."

¶19. (U) Gen. Petraeus cleared this message.

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